



April 12, 2006

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City of Laguna Woods

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Supervisor
Third District

PETER HERZOG
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General Public

ALTERNATE
JAMES W. SILVA
Supervisor
Second District

ALTERNATE
CHARLEY WILSON
Director
Santa Margarita
Water District

JOYCE CROSTHWAITE
Executive Officer

TO: Local Agency Formation Commission

FROM: Joyce Crosthwaite, Executive Officer
Kim Koeppen, Project Manager

SUBJECT: Proposed "Sullivan Annexation to the Orange County
Sanitation District" (DA 05-16)

APPLICANT

Orange County Sanitation District, by Resolution of Application with property owner consent.

PROPOSAL

This report represents a request before LAFCO to consider the annexation of approximately one acre of uninhabited territory to the Orange County Sanitation District. The purpose of the proposal is to provide sewer service to two separate parcels each with one existing single-family residence. This annexation requires an accompanying out-of-area service agreement (OASA) for one of the properties to facilitate local sewer service provision by the City of Orange. The other parcel will connect directly to the OCSD sewer. (See Attachment A, OASA.)

LOCATION & LAND USE

The subject annexation is generally located in the unincorporated Orange Park Acres area of Orange County. The territory is situated near the intersection of Randall Street and Clark Street. (See Exhibit 1, location map.) The subject area is zoned for residential use and is surrounded by existing single-family residential development.

BACKGROUND

The application is similar to several proposals filed with LAFCO over the past few years by the OCSD on behalf of residents requesting access to sewer service to properties located in the Orange Park Acres community. Individual requests to connect to public sewer have been

addressed through a contractual agreement between the City of Orange and residents (OASA). Pursuant to Government Code Section 56133, a city may provide new or extended services outside its jurisdictional boundaries if it first requests and receives written approval from the commission in the affected county.

The annexation application submitted to LAFCO on May 16, 2005 originally included eight properties proposed for annexation to the Sanitation District. The Sullivans and seven other neighbors consented to a group annexation to OCSD to take advantage of a lower annexation fee. However, at this time, only two property owners are ready to connect and have completed all the required steps short of LAFCO approval.

The subject properties are located near a sewer main. One owner will connect directly to the OCSD sewer and requires no OASA, and the other has an approved OASA with the city and will construct a lateral connection immediately upon approval of the annexation. Of the remaining property owners, one is in the process of finalizing an agreement with the City, and the other four do not wish to connect at this time.

Staff has modified the original application as filed by OCSD to allow the Commission to consider the annexation of two properties ready and willing to connect to public sewer now.

DISCUSSION

The Commission's current policy is to consider OCSD annexation requests in OPA only when accompanied by an approved OASA. The majority of annexation requests in OPA do require an out-of-area agreement to facilitate local sewer service by the City of Orange. Under previous OASA processes, some proposals approved by the Commission were held for several months prior to recordation awaiting receipt of an executed OASA. Each of the OPA annexations has required additional staff time beyond more routine district annexations due to the need for out-of-area agreements. Despite LAFCO staff facilitating many coordination meetings with the OCSD and the City, the overall Orange Park Acres OASA process has been problematic.

Catch 22

In this instance, the complication began when a number of OPA property owners jointly applied for a group annexation to the OCSD. The cost to residents applying for annexation to the OCSD is less per property if part of a group application. However, not all of the subject property owners intended to connect immediately and were not interested in signing an out-of area service agreement with the City until they were ready to connect. This caused a delay in approving the overall application. The property owners interested in immediate connection got stuck in the middle of a protracted process. One of the subject property owners had to delay remodeling their home for over six months due to the entanglements related to the original proposal.

Staff recommends that the Commission approve the modified annexation of the two subject parcels. This eliminates any further delays in connecting those properties to public sewer. However, a quick fix in this case does not resolve the problem of an overall inefficient process.

Next Steps

In the Orange/Villa Park/Orange SOI MSR report to the Commission in 2005, staff raised the issue of septic systems in unincorporated areas and the future service delivery and public health impacts. This problem is not unique to Orange Park Acres; it is a problem in unincorporated areas of Santa Ana, La Habra, and North Tustin. Staff has lead discussions with the County of Orange, OCSD and cities to brainstorm possible options. There is no easy solution to the problem of providing local sewer service to unincorporated areas. The OCSD has indicated no interest in taking on new local service responsibility. Therefore, cities are targeted with local sewer responsibility but are not always comfortable with the potential liability associated with providing service outside their jurisdiction. Though an out-of-area service agreement is the most applicable LAFCO tool available for properties in unincorporated areas, it may not be the best long-term solution particularly for cities.

The City of Orange has expressed such concerns related to sewer service in OPA. In recent correspondence, the City of Orange indicated its intent to stop processing requests for out-of-area sewer service agreements as of June 30, 2006 if certain issues are not addressed. (See Attachment B, correspondence.) The primary issues identified include:

- Execution of an agreement between the City and County designating the City as the sewerage agency in unincorporated OPA (*effort not begun*)
- Completion of a blanket OCSD annexation of OPA (*not complete*)
- Implementation of an OCSD sewer master plan for OPA (*plan completed but not approved*)
- Preparation of a city OASA for LAFCO review and approval (*in progress*)

The OCSD has indicated its intent to pursue a blanket annexation of the remaining properties in OPA and North Tustin unincorporated area not currently in the District's service territory. Staff has been told the District is working on the CEQA documentation for the project though no specific timeline has been identified for application with LAFCO. A blanket annexation would eliminate one layer of processing for residents requesting connection to public sewer.

Staff Direction

Staff recommends the Commission direct staff to form an advisory committee to identify short and long-term solutions to public sewer service to unincorporated properties. Staff also recommends that LAFCO staff be further directed to facilitate discussions between the City of Orange, Third District office/County of Orange and

Orange County Sanitation District to address the immediate issues regarding OPA and future out-of-area service agreements.

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to §15319(b) of the State CEQA Guidelines.

PROPERTY TAX

No property tax exchange will occur as a result of these proposals pursuant to the Master Property Tax Agreement adopted by the Board of Supervisors for enterprise special district reorganization proposals.

RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Adopt the resolution approving the "Sullivan Annexation to the Orange County Sanitation District" (DA 05-16). (See Attachment C.) LAFCO waives conducting authority proceedings pursuant to Government Code Section 56663. Approval is subject to the following terms and conditions:
 - a) Payment of Recorder and State Board of Equalization fees.
 - b) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
 - c) The effective date shall be the date of recordation.
2. Direct staff to convene a sewer service advisory committee for unincorporated areas.

Respectfully submitted,

JOYCE CROSTHWAITE

KIM KOEPPEN

Attachment: A, Out of Area Service Agreement
B, City of Orange/OCSD Correspondence
C, LAFCO Resolution

Exhibit: 1, Location Map

Agc. 4841
 RECORDING REQUESTED BY
 AND, WHEN RECORDED,
 MAIL TO:

City of Orange
 300 East Chapman Avenue
 Orange, California 92866

Attn: City Clerk

Recorded in Official Records, Orange County
 Tom Daly, Clerk-Recorder



NO FEE

2006000187874 03:04pm 03/22/06

116 11 A12 12

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CONFORMED COPY

[Space above this line for Recorder's use only.]

This document is recorded at the request and for the benefit of the City of Orange and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

SEWER SERVICE AGREEMENT

THIS SEWER SERVICE AGREEMENT (herein referred to as the "Agreement") is entered into as of this 1st day of March, 2006, by and between the **CITY OF ORANGE**, a municipal corporation (herein referred to as the "City"), and **PHILLIP JAMES SULLIVAN** and **SUSAN LYN SULLIVAN**, Husband and Wife, as community property (herein referred to collectively as the "Owner"), with reference to the following:

A. The Owner owns that certain real property commonly known as **10380 S. Randall Street (Assessor's Parcel No. 379-582-12)** and more particularly described on Exhibit A attached hereto (herein referred to as the "Owner's Property"). The Owner's Property is located within the unincorporated portion of the County of Orange, State of California; and

B. While the sewage and wastewater needs of the Owner's Property are presently served by septic tank systems, the City has existing sewer lines and facilities in Randall Street adjacent to the Owner's Property, which are at a sufficient capacity to provide service to the Owner's Property; and

C. While it is not legally possible to annex the Owner's Property into the City of Orange at this time, it is the desire of the Owner to obtain sewer service from the City pending later annexation of the Owners' Property to the City if and when it is legally possible to do so; and

D. More particularly, the Owner desires to have the City consent to the Owner providing sewer service to the Owner's Property by the installation and extension, at the Owner's sole cost and expense, of a sewer lateral and related improvements from the private property line of the Owner's Property to the City's existing sewer main located in Randall Street; and

E. The City is willing and able to provide sewer service to the Owner's Property

subject to the terms and conditions of this Agreement; and

F. The City is willing to furnish sewer service to the Owner and the Owner's Property in consideration for the Owner's agreement to pay to the City the City's sewer installation charges for the same; provided that the Owner will agree to the annexation of the Owner's Property to the City if and when it is determined by the City to be legally possible to do so; and

G. The provision of sewer service by the City to the Owner's Property pursuant to the terms and conditions of this Agreement will not adversely impact sewer service to other City customers or result in a significant loss of revenue to the City; and

H. The Owner and the City wish to set forth the circumstances and terms and conditions under which the City will provide sewer service to the Owner's Property; and

I. The public interest, economy, and general welfare will be served by this Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THESE PREMISES AND THE TERMS AND CONDITIONS HEREIN, THE ADEQUACY AND LEGAL SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. The City hereby agrees to furnish, and the Owner hereby agrees to accept, the City's sewer service to the Owner's Property in accordance with the terms and provisions of this Agreement.

2. The City hereby agrees to and shall review and approve the Plans for the connection of the Owner's Property to the City's sewer system in accordance with the City's standard procedures and subject to compliance with all applicable federal, state and local statutes and regulations and the Owners' satisfaction of all of the terms and conditions of this Agreement.

3. Provided that the Owner's application for sewer service and Plans for connection to the City's sewer system meet the specifications of the Orange Municipal Code and any and all local rules and regulations related thereto and that the Owner constructs the sewer lateral and related improvements from the private property line of the Owner's Property to the City's existing sewer main located in Randall Street, at the Owner's sole cost and expense, to the satisfaction of the City's Director of Public Works (herein referred to as the "Director"), the City hereby agrees to and shall thereafter provide sewer service to the Owner's Property and shall provide all customer service functions associated with providing service to the Owner's Property. In consideration therefor, the Owner hereby agrees to pay to the City the established sewer installation charge assessed by the City for connection to the City's sewer system set forth in Exhibit C hereto, and paid by the owners of similarly situated real property.

4. Prior and as a condition precedent to the City's obligation to provide sewer service to the Owner's Property, the Owner hereby agrees to and shall satisfy the following

conditions:

(a) Secure from the County of Orange (herein referred to as the "County") and any other public agency having jurisdiction all easements, permits and/or other approvals and consents necessary and appropriate to permit the Owner to install the improvements necessary to connect to the City's sewer line and that the Owner shall pay all fees related thereto. The City will use its best efforts to assist the Owner in securing such easements, permits, and/or other approvals and consents.

(b) If not currently located within the Orange County Sanitation District (herein referred to as the "Sanitation District"), make application to the Sanitation District for annexation to the Sanitation District.

5. In connection with the Owner's performance of such work of improvement (with "Owner", as used herein to specifically include any of the Owner's agents, contractors, or employees), the Owner hereby agrees and covenants to repair or cause to be repaired any portion of a public street or rights-of-way affected by the Owner's work or other acts at the Owner's expense and in accordance with the City's and County's (as the case may be) rules and ordinances regulating street excavations. In the event that the Owner shall fail or neglect to make (or cause to be made) such repairs, then thirty (30) days after notice therefor has been given to the Owner by the City, the City may repair said streets or rights-of-way at the expense of the Owner, and upon the presentation of a bill therefor the Owner shall pay the same within thirty (30) days after receipt. The amount so chargeable to the Owner in such case shall be the actual cost of such repair.

6. The work of construction, maintaining or repairing any facilities within the public streets or rights-of-way subject to this Agreement shall be conducted with the least possible hindrance to the use of the streets for purposes of travel, and as soon as such work is completed all portions of the public streets and rights-of-way which have been excavated or otherwise damaged thereby shall be placed in as good condition as they were in before the commencement of such work, to the satisfaction of the Director.

7. As further consideration for the provision of sewer services to the Owner's Property, the Owner hereby agree not to file protest, either written or otherwise, against annexation of the Owner's Property to the City of Orange at such time as the City determines it to be legally possible to annex the Owner's Property to the City and delivers notice thereof to the Owner. Moreover, the Owner hereby agree to cooperate with the City and take all reasonable action deemed necessary by the City to effect the annexation of the Owner's Property to the City, including the execution of all documents necessary and appropriate to carry out and implement the annexation of the Owner's Property to the City. If the Owner should protest annexation of the Owner's Property, the City may, at its option, elect to terminate the sewer services afforded to the Owner's Property by this Agreement.

8. Nothing contained in this agreement shall be construed as representing the establishment of any precedent or the formation of any policy by City to supply sewer service or

any other City service in the future to any unincorporated territory on the terms and conditions contained herein or on any terms and conditions whatsoever.

9. Owner understands and agrees that in the event the Owner fails, neglects or refuses to actually connect to City-owned sewers on or before three hundred sixty (360) days from the date of the execution of this Agreement, this Agreement shall be null and void and of no further force or effect. Provided, however, that in the event that the City Council finds and determines that the Owner was unable to actually connect with City-owned sewers, this period may be extended on such terms as the City Council may find to be just, fair and equitable.

10. This Agreement shall be recorded in the Official Records of the County of Orange, State of California. All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

11. Each and all of the grants, terms, covenants and agreements created hereby (a) are made for the direct benefit of the City, (b) shall constitute covenants running with the land, and (c) shall be binding upon and shall benefit all successors-in-interest and assigns of the Owner and the City.

12. Owner understands that inasmuch as Resolution No. 5158, a copy of which is attached hereto as Exhibit B, is applicable to the Owner's Property, that Owner has read and understands the policy of the City Council as set forth in said Resolution, and Owner agrees to be bound by this policy so long as the City shall adhere thereto.

13. This Agreement may be cancelled, changed, modified or amended in whole or in part only by a written and recorded instrument executed by the City and the Owner (or their respective successors and assigns).

14. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest in and to the Owner's Property (or either of them); provided, however, that any subsequent owner of the Owner's Property (or either of them) shall be bound by such covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

15. Whenever performance is required of any party hereunder, that party shall use all due diligence to perform and take all necessary measures in good faith to perform; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, war, civil commotion, riots, strikes, picketing, or other labor disputes, or damage to work in progress by reason of fire or other casualty or cause beyond the reasonable control of a party (acts by the performing party causing the situation to be beyond reasonable control excepted), then the time for performance as herein specified shall be appropriately extended by the amount of the delay actually so caused.

16. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person or circumstance, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

17. Any notice to any party shall be in writing and given by delivering the same to such party in person or by sending the same by registered or certified mail, return receipt requested, with postage prepaid to the party's mailing address. The respective mailing addresses of the parties thereto are, until changed as hereinafter provided, the following:

IF TO OWNER: Phillip & Susan Sullivan
 10380 S. Randall Street
 Orange, Ca. 92869
 Telephone: (714) 532-3222

IF TO CITY: City of Orange
 300 E. Chapman Avenue
 Orange, CA 92866
 Attn: Director of Public Works
 Telephone: (714) 744-5545
 Facsimile: (714) 744-5573

Any party may change its mailing address at any time by giving written notice of such change to the other parties in the manner provided herein at least ten (10) days prior to the date such change is effected. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

Every notice (other than the giving or withholding of consent, approval or satisfaction under this Agreement, but including requests therefor) given to a party or other person shall comply with the following requirements. Each such notice shall state: (i) the paragraph of this Agreement pursuant to which the notice is given; and (ii) the period of time within which the recipient of the notice must respond or if no response is required, a statement to that effect. Each request for consent or approval shall contain reasonably sufficient data or documentation to enable the recipient to make an informed decision.

18 This writing constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all oral or written representations or written agreements which may have been entered into between the parties. No modification or revision shall be of any force or effect, unless the same is in writing and executed by the parties hereto. If any provision of this Agreement shall be held invalid, such invalidity shall not affect the other provisions hereof, and to this extent, the provisions of this Agreement are intended to be and shall be deemed severable.

19. Time is of the essence of this Agreement and each and every provision hereof.

20. In the event that the Owner fails to comply with this Agreement, the City will have, in addition to the right to collect damages, the right to enjoin such violation or threatened violation in a court of competent jurisdiction. Prior to the commencement of any such action, written notice of the violation will be given to the Owner.

21. The Owner will not be in default under this Agreement except under such provisions as require the performance of an act on or before a specific date or within a specified period of time, unless Owner has been given a written notice specifying the default and (a) fails to cure it within the period of thirty (30) days, or (b) commences to cure the default within such period of time, and if the default cannot be cured within the specified times above in (a), if Owner thereafter does not diligently proceed to complete the curing of the default.

22. The term of this Agreement shall commence on the execution hereof and shall remain in full force and effect unless terminated by the mutual agreement of the parties.

23. This Agreement shall be governed by the laws of the State of California. Any legal action concerning or arising out of this Agreement shall be filed in a court of the State of California having jurisdiction of the subject matter, and venue shall be in the County of Orange, State of California.

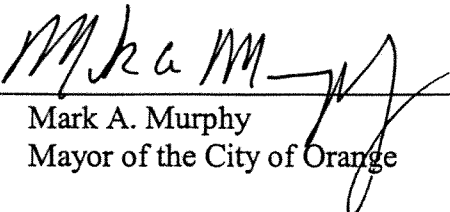
24. During the period of construction, the Owner agrees to and shall indemnify and hold the City and its officers, employees, contractors and agents harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the location of the sewer system improvements, and which shall be directly or indirectly caused by any acts done thereon by, or any errors or omissions of, the Owner or the Owner's employees, contractors and agents. At all times during the pendency of construction, the Owner shall maintain or cause to be maintained (either itself or through its general contractor) commercial general liability insurance on an "occurrence" basis against claims for "personal injury", including death, bodily injury or property damage liability and in an amount not less than \$1,000,000 and such additional insurance as may be reasonably required by the City from time to time. The Owner shall also furnish or cause to be furnished to the City evidence satisfactory to the City that any contractor with whom the Owner has contracted for the performance of the work contemplated by this Agreement carries workers' compensation insurance as required by law.

25. The Owner shall notify the City prior to commencing any construction activity within the public streets or rights-of-way and prior to making connection to the City's sewer system.

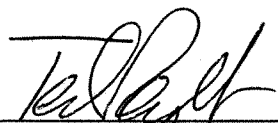
IN WITNESS WHEREOF, the City and the Owner have caused this Agreement to be executed as of the date first set forth hereinabove.

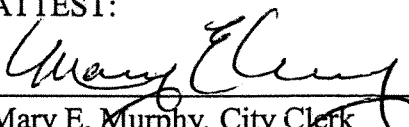
"CITY"

CITY OF ORANGE, a municipal corporation

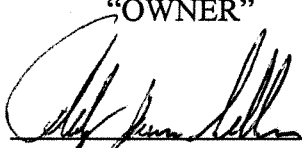
By: 
Mark A. Murphy
Mayor of the City of Orange

APPROVED AS TO FORM:
David A. De Berry, City Attorney

By: 
Theodore J. Reynolds
Assistant City Attorney

ATTEST:

Mary E. Murphy, City Clerk

"OWNER"


PHILIP JAMES SULLIVAN


SUSAN LYN SULLIVAN

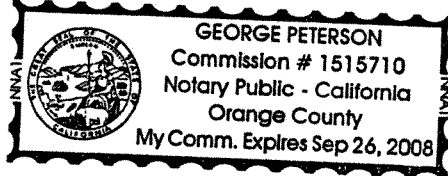
State of California)
) ss
County of Orange)


On 10/5, 2005, before me, GEORGE PETERSON, COMMISSIONER
personally appeared PHILIP JAMES SULLIVAN AND SOHAN LYNN SULLIVAN

- ☐ personally known to me -OR—
☒ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity/ies, and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

Witness my hand and official seal.




(Signature of Notary)

(This section is optional.)

Capacity claimed by signer:

- ☐ Individual
☐ Corporate Officer(s): _____
☐ Partner(s):
 ☐ General ☐ Limited
☐ Attorney-in-fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing: _____
(name of person(s) or entity(ies))

Attention Notary: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to an unauthorized document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document: _____

Number of Pages: _____ Date of Document: _____

Signer(s) Other than Named Above: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF OWNER'S PROPERTY

THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, BEING LOT 70 OF TRACT 752, ORANGE PARK ACRES, AS PER MAP RECORDED IN BOOK 25, PAGES 12 THRU 14 INCLUSIVE OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT "B"

RESOLUTION NO. 5158

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE FINDING AND DETERMINING THAT NEITHER ANNEXATION NOR FURNISHING SEWER SERVICES TO PROPERTIES WHICH ARE PART OF LARGER UNINCORPORATED BUT DEVELOPED AREAS AND CONDITIONED ON AGREEMENT TO ANNEX TO THE CITY SHALL NOT BE CONSTRUED AS IMPOSING ANY OBLIGATION ON THE CITY TO PROVIDE OR INSTALL ANY URBAN STREET OR OTHER URBAN PUBLIC IMPROVEMENTS TO SERVE SUCH PROPERTIES.

WHEREAS, in recent years the City Council has supplied City sewer services to many individual parcels of property which parcels are part of larger unincorporated areas which were developed long before the annexation of those parcels; and

WHEREAS, such parcels were supplied City sewer services if property owners paid applicable fees and charges and either annexed or agreed to annex said properties to the City; and

WHEREAS, examples of such larger unincorporated areas which have developed adjacent to the city limits are the areas known as Olive, Orange Park Acres and the Walnut area near the Orange Drive-In; and

WHEREAS, most properties in these unincorporated areas have been developed with single family residences on lots of varying sizes and with street and similar public improvements appropriate for rural areas; and

WHEREAS, the long established policy of the City has been to require development and installation of urban street and similar urban public improvements by the original developers of the adjacent private properties; and

WHEREAS, the majority of property in these formerly unincorporated areas are now developed and therefore no urban street or similar urban public improvements can be required by the City to be installed by developers; and

WHEREAS, the possibility exists that, in the future, property owners in these developed areas could petition the City to install urban street and similar urban public improvements once their properties are annexed into the City; and

WHEREAS, the City Council intends by the phrase "... urban street and similar urban public improvements..." to include, but not be limited to, street curbs and gutters, sidewalks, street lights, storm drains, City water mains and traffic signals; and

WHEREAS, urban public improvements are also intended to include public improvements unique to these large unincorporated areas such as equestrian trails; and

EXHIBIT "B"

WHEREAS, the City Council wishes to clearly enunciate a policy opposing the expenditure from City general tax revenues for installation of urban street and similar urban public improvements in these developed but formerly unincorporated areas since all taxpayers of the City would bear the burden for such improvements and the extent and cost of these improvements could be excessive due to the size of these areas; and

WHEREAS, the City Council wishes to make clear the City's demand to owners of unincorporated property in these areas that annexation into the City is required as a condition to receiving City sewer services shall not be construed as any promise or commitment on the part of the City to pay for the installation of urban street and similar urban public improvements to serve such properties from the general tax revenues of the City; and

WHEREAS, the City Council wishes to clearly enunciate a policy that the cost of any such urban street and similar urban public improvements in these areas shall be borne by the properties in these areas receiving the benefit of those urban improvements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Orange, that general funds of the City shall not be used to install urban street and similar urban public improvements in formerly unincorporated but developed areas such as Olive, Orange Park Acres and Walnut, but such improvements shall be financed by methods designed to place the burden of such improvements on the property benefitted.

BE IT FURTHER RESOLVED that the City Council of the City of Orange hereby determines that this resolution shall be recorded with the Office of the Orange County Recorder together with legal descriptions of the properties located in the aforementioned and described areas at the time of the annexation of these properties to the City in order that the owners of these properties and their successors in interest shall be made aware of the policy of the City Council as set forth herein.

ADOPTED this 19th day of February, 1980.


MAYOR OF THE CITY OF ORANGE

ATTEST:


CITY CLERK OF THE CITY OF ORANGE

I hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Orange at a regular meeting thereof held on the 19th day of February, 1980, by the following vote:

AYES: COUNCILMEN: BARRERA, MAYOR HOYT, PEREZ, BEAM
NOES: COUNCILMEN: NONE
ABSENT: COUNCILMEN: SMITH

EXHIBIT "C"

LIST OF FEES

Address: 10380 S. Randall Street

Lot Size: 13,300 sq. ft.

Sewer Fees:

1. Orange County Sanitation District Fee

Capital Facilities Capacity Charge	\$2,890.00
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Total	\$2,890.00
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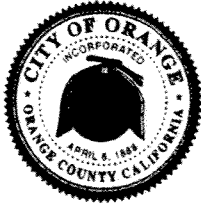
2. City of Orange Sewer Installation Fees

Sewer Connection Charge, \$40 x 80	= \$3,200.00
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Future Improvement Charge, \$584 x 13,000 / 43560	= \$ 178.31
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Sewer Maintenance Charge (one-time)	\$ 500.00
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Total	\$3,878.31
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**CITY OF ORANGE****RECEIVED**
FEB 27 2006

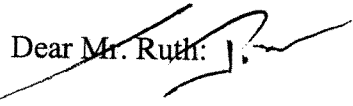
LOCAL AGENCY FORMATION COMMISSION

CITY MANAGER

PHONE: (714) 744-2222 • FAX (714) 744-5147

February 21, 2006

Mr. James D. Ruth
Interim General Manager
Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley CA 92708

Dear Mr. Ruth: 

This letter is in response to your February 6, 2006 correspondence to our Mayor pro tem Carolyn Cavecche. I would like to respond and clarify issues contained in your letter. As you know, the City of Orange and the Orange County Sanitation District (OCSD) have enjoyed a good working relationship. We have partnered with your agency on many projects that benefited the City of Orange. That being said, please note that the issue raised in your letter pertains to areas outside the boundaries of the City of Orange and within the jurisdiction of the County of Orange.

The City of Orange shares your concern regarding the timely annexation of Orange Park Acres (OPA) to the OCSD which allows for the connection of properties to a sewer system within the unincorporated portion of the County. The City of Orange currently has no agreement with the County or OCSD delegating responsibility to the City to be the sewerage agency for OPA. This issue has been discussed with representatives of OCSD, the County, and LAFCO over the past several years, but has yet to be resolved.

In the interim, the City has attempted to accommodate requests from OPA residents to provide sewer service by entering into agreements with individual property owners. This process puts the homeowner in the lead position which places the financial burden on the homeowner to build and fund the sewer infrastructure. The City has not been authorized by the County or OCSD to permit the construction of sewer lines and laterals within County streets and has no legal authority to accept ownership of such infrastructure, however, we are currently in the process of preparing updated form agreements to be used under various factual situations that OPA residents have presented to us in an effort to continue the process of accommodating OPA residents. As you know, the LAFCO Board must also approve our use of such form agreements prior to annexation to the OCSD.

Letter to James D. Ruth
February 21, 2006
Page 2 of 3

As previously discussed between staff members from the County, OCSD, LAFCO and the City, the accommodation the City has been making by entering into sewer service agreements with individual property owners in OPA was to have only been an interim solution to the unincorporated sewer service issue. Concurrent with the City's efforts, the following actions were to have occurred:

- The County was to execute an agreement with the City of Orange designating the City as sewerage agency. *This effort has not begun.*
- OCSD was to complete a blanket annexation in the Sanitation District of the Orange Park Acres area. *This has not been completed.*
- OCSD was to provide the City with the Sewer Master Plan for this area to ensure the sewer infrastructure that was being put in place met their long-term goals for the entire area. *This was completed and has been a very useful tool; however, neither OCSD nor the County has implemented that plan.*
- The City of Orange was to prepare new Out-of-Service agreements for LAFCO's review and approval. *This is currently in progress.*

As noted above, little progress has been made in the past year to find a long-term solution for the sewerage needs of OPA yet the City of Orange has been unfairly singled out as being responsible for solving these issues. We do not believe that the City should take the lead in implementing the construction of sewer facilities in the unincorporated area of the County. To continue with the process presently in place, we require construction of a system to replace existing septic systems for properties within OPA, compensation to the City of Orange for operation and maintenance (O&M) of sewer facilities located within County right-of-way, and authorization for the City to accept ownership of, and to perform O&M on, sewer facilities located or to be located within the County right-of-way. Without such an agreement, the City of Orange cannot be the sewer service agency within OPA. In our view, it is up to the County or OCSD.

We are looking to OCSD to take the leadership role in this issue to help develop an action plan that provides, at a minimum, the following **crucial steps for a permanent solution**:

- 1) The County and the City would enter into a mutually acceptable agreement designating the City as the sewer-servicing agency for Orange Park Acres. Should such an agreement **not be executed by June 2006**, the County or OCSD would be required to provide sewer service to Orange Park Acres until the issue can be resolved. One of the conditions to the City's execution of such an agreement would be for OCSD to annex OPA into OCSD's service area.

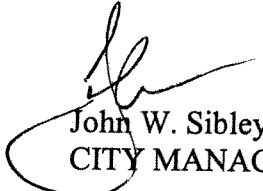
Letter to James D. Ruth
February 21, 2006
Page 3 of 3

- 2) The County or OCSD will develop a program to implement construction of the Master Plan which OCSD has prepared for the area.
- 3) To resolve the current sewer service needs of OPA citizens, the City will process requests for the connection of sewer laterals to existing sewers owned by or dedicated to the City of Orange. However, OCSD or the County would be responsible for entering into separate construction agreements with such residents to build the sewer mains before the City would issue a connection permit and process any "out of area" sewer service agreements through LAFCO.

I believe that resolution of these issues is in the best interest of our respective agencies to ensure service to the residents of the unincorporated area. I suggest that OCSD schedule a meeting with the appropriate representatives of LAFCO, County Supervisor Campbell and City representatives to discuss the above action plan before the aforementioned June, 2006 deadline.

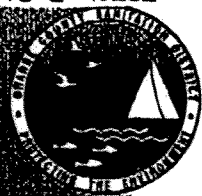
I look forward to working with you to find a resolution to this issue. If you have any questions or would like to discuss this matter further, please contact me directly or contact Irma Hernandez, Senior Assistant to the City Manager, at (714) 744-2205.

Sincerely,



John W. Sibley
CITY MANAGER

Cc: Orange County Supervisor, Bill Campbell
Mayor and City Council
Thomas G. Mauk, County Executive Officer
Joyce Crosthwaite, LAFCO Executive Officer
Gail Farber, Public Works Director
Ted Reynolds, Assistant City Attorney
Irma Hernandez, Senior Assistant to the City Manager



ORANGE COUNTY SANITATION DISTRICT

February 6, 2006

RECEIVED

FEB 09 2006

Carolyn Cavecche
City of Orange
300 E. Chapman Avenue
Orange, Ca 92866

Subject: Sewer Service and Reimbursement Agreements for the Sullivan Annexation to the City of Orange and the Orange County Sanitation District

The Orange County Sanitation District (Sanitation District) has been asked to reorganize the previously approved Sullivan Annexation to the Sanitation District (which involves seven other property owners).

Our board approved the Annexation in April, 2005 and sent it to the Local Agency Formation Commission (LAFCO) in May, 2005 to complete the process. The agreement was then sent to the City of Orange's legal staff, where the process has not been completed or approved.

Several of the properties have a failed septic system and need to connect. Please let me know if either I or my staff can be of service to help finalize the Agreements so the property owners can connect to a public sewer. Please contact Bob Chenowith of our office if we can assist your legal staff.

We look forward to working with you and your legal staff to get the property owners connected to a public sewer.

Thanks for your corporation in this matter.

James D. Ruth
Interim General Manager

JDR:gg

H:\dept\admin\110\RUTH JAMES\Corres 2006\020608 Ltr to CCavecche re City of Orange Sullivan Annex.doc

CC: Irma Hernandez

ATTACHMENT C

DA 05-16

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
MAKING DETERMINATIONS AND APPROVING THE
SULLIVAN ANNEXATION TO THE
ORANGE COUNTY SANITATION DISTRICT**

April 12, 2006

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, the proposed annexation to the Orange County Sanitation District, designated as "Sullivan Annexation to the Orange County Sanitation District" (DA 05-16), was heretofore filed with and accepted for filing on April 5, 2006 by the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 et seq. of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658 set April 12, 2006 as the hearing date of this proposal; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665 has reviewed this proposal and prepared a report including her recommendation thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission on April 12, 2006 considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668; and

WHEREAS, this Commission called for and held a public hearing on the proposal on April 12, 2006, and at the hearing, this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

ATTACHMENT C

WHEREAS, information satisfactory to this Commission has been presented that all the owners of land within the proposed territory have given their written consent to the annexation; and

WHEREAS, pursuant to the California Environmental Quality Act, the project is categorically exempt pursuant to Section 15319 of the State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Orange DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

Section 1. The proposal is approved subject to the following terms and conditions:

- 1) Payment by the applicant of Recorder and State Board of Equalization fees.
- 2) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers, and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void, or annul the approval of LAFCO concerning this proposal or any action relating to, or arising out, of such approval.
- 3) The effective date shall be the date of recordation.

Section 2. The annexing area is found to be uninhabited, is within unincorporated Orange County, and is assigned the following distinctive short-form designation: "Sullivan Annexation to the Orange County Sanitation District" (DA 05-16)

Section 3. The Commission authorizes that protest proceedings be waived in accordance with Government Code Section 56663(c).

Section 4. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.

AYES:

NOES:

STATE OF CALIFORNIA)

ATTACHMENT C

) SS.

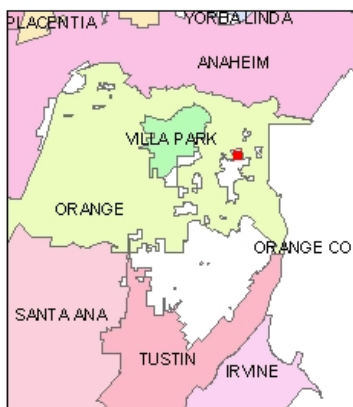
COUNTY OF ORANGE)

I, ROBERT BOUER, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of April, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of April, 2006.



ROBERT BOUER
Chair of the Orange County
Local Agency Formation Commission

By: _____
Robert Bouer



SULLIVAN ANNEXATION
TO THE
ORANGE COUNTY SANITATION DISTRICT
DA 05-16

Legend

-  Proposed Annexation Boundary
-  Orange County Sanitation District Boundary

03/31/06

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